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Record

OCA 86-3046

10 September 1986

## MEMORANDUM FOR THE RECORD

SUBJECT: Briefing for JEC Staffer Richard Kaufman on Alternative Method of Sizing NATO Defense Activities

1. On 9 September 1986, the Agency representatives listed below discussed a new methodology for measuring the defense expenditures of foreign nations with JEC Staffer Richard Kaufman. Also in attendance for part of the briefing was Tom Stuart of the State Department.

2. The briefing, held in 5E46 HQ from 0945-1230, was at the Confidential level. No transcript was kept.

3. The following Agency personnel were present:

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|-----|---------|------|
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| [ ] | OCA     | 25X1 |

4. SOVA [ ] opened the briefing with a 45-minute presentation on a new methodology for measuring the size of the defense expenditures of foreign nations. The inadequacy of using fluctuating exchange rates in sizing national defense expenditures was explained, and a new measuring unit -- PPPs, or purchasing power parities -- was extensively discussed. Following the formal presentation and questions, State's Stuart departed.

5. Kaufman then spent an additional hour with the SOVA officers, exploring in further detail the ramifications of this new methodology. Kaufman's questions and general demeanor suggested a certain skepticism about both the usefulness of the methodology and its likely reception by the European allies, to whom it is to be presented next week. In this respect, it was not a fully successful briefing.

6. After the briefing Kaufman told me privately that he had been bothered for a long time by what he described as lax security procedures practiced by CIA couriers in delivering classified documents to his office. He claimed to have raised this question repeatedly (he did not say with whom) without resolving the problem. According to Kaufman, it is not at all

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uncommon for Agency couriers to leave classified documents in the JEC offices with persons having no authority to receive such documents. Kaufman spoke with some conviction about this matter.

7. I assured Kaufman that we would never condone lax security measures of the sort he described, and that I would look into the matter at once. I later reported this to OCA's Security Officer, who is investigating the matter.

8. SOVA [ ] promised Kaufman an IA (SECRET) on comparative Soviet and US defense activities, and I have made arrangements to have this document forwarded to the JEC.

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9. Notwithstanding his complaint about lax security procedures, Kaufman spoke highly of the services CIA has provided him over the years, and seems quite well disposed toward the Agency.



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